

State Tax Commission

Analyst: Houston

Historical Summary

OPERATING BUDGET	FY 2007 Total App	FY 2007 Actual	FY 2008 Approp	FY 2009 Request	FY 2009 Gov Rec
BY PROGRAM					
General Services	8,459,600	8,847,100	8,972,000	9,514,900	9,427,000
Audit and Collections	15,248,200	14,547,100	15,939,000	17,057,200	17,034,200
Revenue Operations	5,711,300	5,860,900	5,664,600	5,882,700	5,779,600
County Support	3,223,200	3,340,600	3,441,500	3,803,400	3,880,000
Total:	32,642,300	32,595,700	34,017,100	36,258,200	36,120,800
BY FUND CATEGORY					
General	24,857,600	24,845,700	27,374,200	29,255,800	29,171,400
Dedicated	7,784,700	7,659,300	6,642,900	7,002,400	6,949,400
Federal	0	90,700	0	0	0
Total:	32,642,300	32,595,700	34,017,100	36,258,200	36,120,800
Percent Change:		(0.1%)	4.4%	6.6%	6.2%
BY OBJECT OF EXPENDITURE					
Personnel Costs	23,039,600	22,783,900	24,428,400	26,080,600	26,408,300
Operating Expenditures	8,375,400	8,599,200	9,248,800	9,469,600	9,022,500
Capital Outlay	1,227,300	1,212,600	339,900	708,000	690,000
Total:	32,642,300	32,595,700	34,017,100	36,258,200	36,120,800
Full-Time Positions (FTP)	413.50	413.50	413.50	413.50	413.50

Division Description

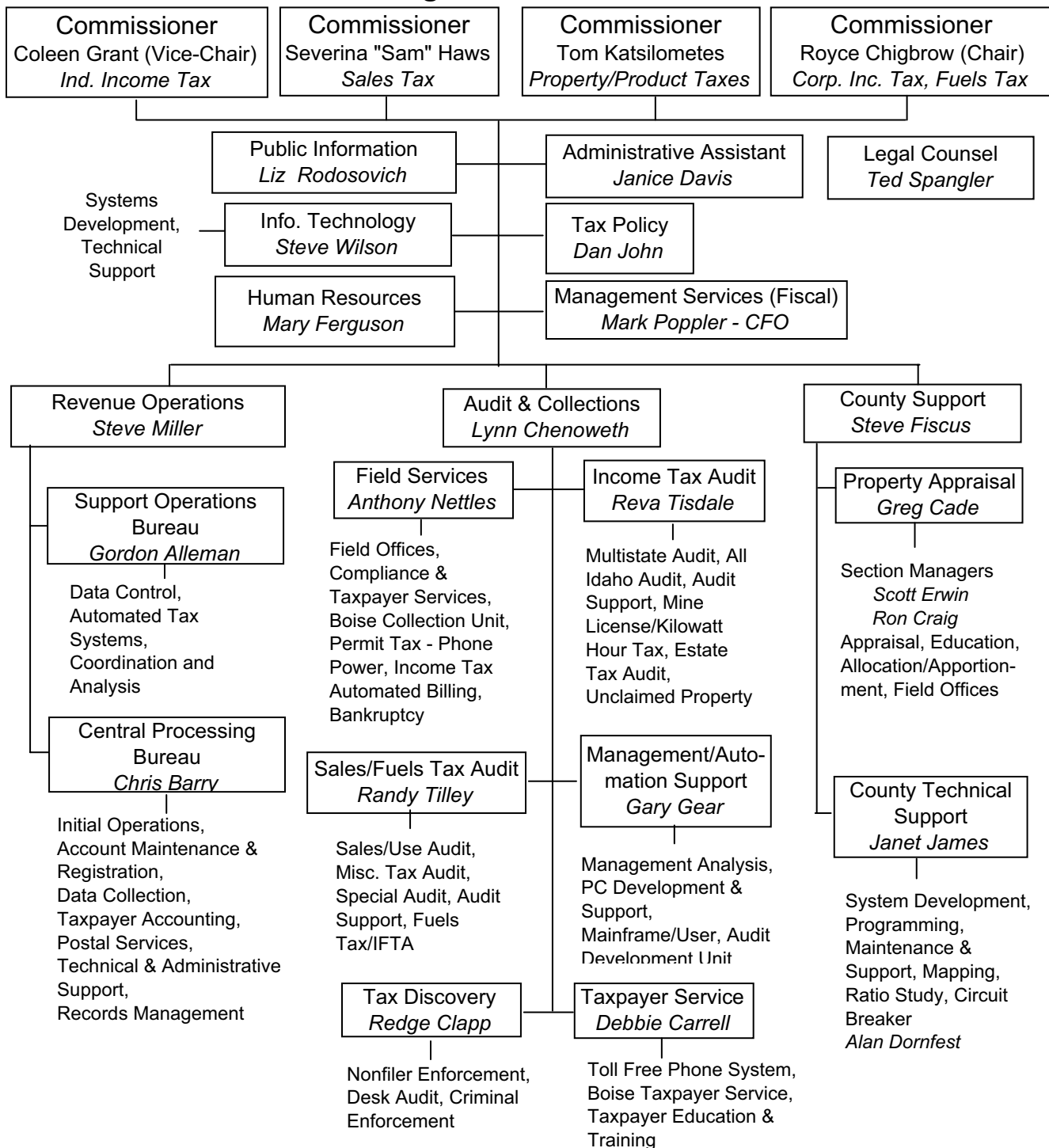
The State Tax Commission has four budgeted programs: General Services, Audit and Collections, Revenue Operations, and County Support. 1.) The General Services program consists of the Commissioners, Administrative Section, Legal Section, Tax Policy Section, Information Technology Section, and the Management Services Division. This organizational structure provides for centralized management, policy development, legal, personnel, fiscal and computer services. 2.) The Audit and Collections program provides direct taxpayer service to the public from the administrative office in Boise and five field office locations; collects delinquent taxes and conducts audits on virtually all tax types administered by the agency by authority of Idaho Code and the Multi-State Tax Compact; conducts discovery and enforcement efforts directed at non-filers and administers Idaho's unclaimed property statutes. 3.) Revenue Operations administers the voluntary tax compliance program. Activities include: a) registering permit holders for sales, withholding, hotel/motel, special fuels, beer, wine, cigarette and tobacco taxes; b) ensuring that all individuals and licensed businesses are mailed proper tax forms for reporting; c) establishing taxpayer liability, as well as processing revenue and refund documents submitted by taxpayers; and d) maintaining a records system capable of providing individuals with tax documents. 4.) The County Support Program provides oversight and technical support in the administration of the property tax system, working to ensure fair, equitable, and accurate property taxation. The program is responsible: to annually appraise all class three operating property, as required by Section 63-2215, Idaho Code; to examine property tax levies of all taxing districts to ensure compliance with Idaho Code; to develop forms, procedures and computer software necessary for county assessors to appraise property; to develop an assessor's manual in order to facilitate uniformity of appraisals; and to administer property tax relief through the Circuit Breaker program.

Tax Commission

Agency Profile

Analyst: Houston

Organizational Chart



Department of Revenue and Taxation

Analyst: Houston

Agency Profile

Sources of Funds	FY 2007 Expenditures	Percent of Total	FY 2008 Appropriation	FY 2009 Request
1. General Fund	\$24,845,700	76.2%	\$27,374,200	\$29,255,800
The General Fund consists of, "moneys received into the treasury and not specially appropriated to any other fund" (§67-1205). The fund sources are: 1) individual income tax, 2) corporate income tax, 3) sales tax, 4) cigarette tax, 5) beer tax, 6) wine tax, 7) liquor revenues, 8) kilowatt hour tax, 9) mine license tax, 10) Treasurer's interest on investments of certain idle state funds, 11) court fees and fines, 12) insurance premium tax, 13) sale of alcoholic beverage licenses, 14) unclaimed property, 15) articles of incorporation and uniform commercial code filing fees, 16) estate and transfer tax, and 17) other miscellaneous sources from various agency receipts.				
2. Economic Recovery Reserve Fund	1,166,000	3.6%	0	0
The \$0.29/pack increase in the Cigarette Tax was deposited into this fund in FY05 and FY06.				
3. Multistate Tax Compact	1,719,000	5.3%	1,807,200	1,933,100
Moneys collected as direct result of audits conducted by the Multistate Tax Commission (on behalf of the state of Idaho) shall be paid by the State Tax Commission into the Multistate Tax Compact Fund. The Multistate Tax Compact was formed to determine the tax liability of multistate taxpayers, promote uniformity or compatibility in tax systems, and facilitate taxpayer convenience and compliance in the filing of tax returns and avoid duplicative taxation across states (§63-3709).				
4. Administration and Accounting Fund	232,600	0.7%	253,900	259,600
The State Tax Commission is directed to retain funds for the Commission's cost of collecting and administering the moneys of certain trust funds. For the following trust funds the annual amount is three thousand dollars (\$3,000) or twenty percent (20%), whichever is less (§63-3067A&B(d)): 1) The Fish and Game Trust Fund (0051) and 2) The Children's Trust Fund (0483).				
On other taxes, the State Tax Commission is authorized to retain an amount of money equal to the cost of collecting and administering them. The amount retained can not exceed the amount authorized to be expended by appropriation by the Legislature. Those taxes are: 1) Idaho Travel and Convention Tax (0212) (§67-4718), 2) Illegal Drug Tax (0281) (§63-4209), 3) Boise Auditorium District (0630) (§67-4917C), 4) Petroleum Clean Water Trust Fund (0130) (§41-4909), and 5) Local Option Sales Tax (0630) (§63-2605).				
5. Administration Services for Transportation	3,610,400	11.1%	3,563,100	3,768,800
The State Tax Commission retains funds from gasoline tax and special fuels tax receipts equal to the cost of collecting, administering, and enforcing the gasoline tax requirements. However, the amount cannot exceed the amount authorized to be expended by the legislature (gasoline: §63-2402 and §63-2405; special fuels: §63-2416 - §63-2417).				
6. Seminars and Publications Fund	158,500	0.5%	166,200	151,200
Fees, sales of educational materials, tax regulations and printed material, fees for copies, supplies, bad check charges, postage reimbursement, sales of maps, unclaimed property lists, sales to the public, etc.				
7. Abandoned Property Trust - Unclaimed	772,800	2.4%	852,500	889,700
The Unclaimed Property Fund receives money from: 1) Certain banking accounts. 2) Certain unclaimed funds that are owned and unpaid by life insurance companies for five years. 3) Certain deposits and refunds payable by utilities for more than five years. 4) Certain investment shares, funds, and interests. The State Tax Commission is required to maintain a record of the name and last known address of each person thought to own the property. The record is to be made available for public inspection at all reasonable business hours (§14-517).				
8. Federal Grant Fund	90,700	0.3%	0	0
The Tax Commission receives intermittent grants from the federal government for project-specific work.				
Total	\$32,595,700	100.0%	\$34,017,100	\$36,258,200

State Tax Commission

Analyst: Houston

Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2008 Original Appropriation	413.50	27,374,200	34,017,100	413.50	27,374,200	34,017,100
1. Imaging Machine	0.00	122,400	136,000	0.00	97,200	108,000
FY 2008 Total Appropriation	413.50	27,496,600	34,153,100	413.50	27,471,400	34,125,100
Removal of One-Time Expenditures	0.00	(1,115,000)	(1,359,300)	0.00	(1,115,000)	(1,359,300)
Base Adjustments	0.00	0	(15,200)	0.00	0	(15,200)
FY 2009 Base	413.50	26,381,600	32,778,600	413.50	26,356,400	32,750,600
Benefit Costs	0.00	793,100	962,800	0.00	766,500	930,400
Inflationary Adjustments	0.00	115,400	154,100	0.00	0	0
Replacement Items	0.00	645,200	805,700	0.00	675,200	847,700
Statewide Cost Allocation	0.00	36,300	39,100	0.00	36,300	39,100
Change in Employee Compensation	0.00	171,700	209,900	0.00	858,500	1,049,500
FY 2009 Program Maintenance	413.50	28,143,300	34,950,200	413.50	28,692,900	35,617,300
1. Auditor Salary Retention	0.00	202,000	315,000	0.00	0	0
2. Software Maintenance Costs	0.00	288,500	328,500	0.00	208,500	228,500
3. Tax Drive Temporary Salaries	0.00	160,000	164,500	0.00	0	0
4. Information Life Cycle Plan	0.00	52,000	65,000	0.00	0	0
5. Ongoing Copier and Vehicle Leases	0.00	80,000	85,000	0.00	20,000	25,000
6. Right Now Software	0.00	80,000	100,000	0.00	0	0
7. Forestland Valuation Study	0.00	250,000	250,000	0.00	250,000	250,000
FY 2009 Total	413.50	29,255,800	36,258,200	413.50	29,171,400	36,120,800
Change from Original Appropriation	0.00	1,881,600	2,241,100	0.00	1,797,200	2,103,700
% Change from Original Appropriation		6.9%	6.6%		6.6%	6.2%

State Tax Commission

Analyst: Houston

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2008 Original Appropriation	413.50	27,374,200	6,642,900	0	34,017,100

1. Imaging Machine

Revenue Operations

An appropriation is needed to purchase a second imaging machine to provide critical capacity and backup capability to Revenue Operations most basic and fundamental process -- receiving and processing tax returns during the tax drive from January through June. One machine was not sufficient last year and the vendor had to lend the agency a second machine to maintain operations. Cost of machine of \$108,000 is one-time; annual maintenance of \$28,000 is ongoing. Requested funding is split 90% from the General Fund and 10% from the Administration Services to Transportation Fund.

Agency Request	0.00	122,400	13,600	0	136,000
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The Governor recommends ongoing maintenance and support costs be absorbed into the existing operating budget.

Governor's Recommendation	0.00	97,200	10,800	0	108,000
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FY 2008 Total Appropriation					
Agency Request	413.50	27,496,600	6,656,500	0	34,153,100
Governor's Recommendation	413.50	27,471,400	6,653,700	0	34,125,100

Removal of One-Time Expenditures

Remove one-time funding as follows: \$500,000 for Gen Tax Discovery Module, \$128,500 for software maintenance, \$40,000 copier lease, \$2,500 local option tax administration, \$295,400 to reconcile W-2's, \$30,000 for equipment to train county tax officials, and \$362,900 for replacement items.

Agency Request	0.00	(1,115,000)	(244,300)	0	(1,359,300)
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Governor's Recommendation	0.00	(1,115,000)	(244,300)	0	(1,359,300)
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Base Adjustments

Remove \$100 from the Multistate Tax Compact Fund, \$15,000 from the Seminars and Publications Fund, and \$100 from the Abandoned Property Trust Fund for a total of \$15,200 to realign spending authority. The Seminars and Publications Fund reduction reflects the continued decline in revenues from the sale of regulations plus related revenues from copying and postage. These reductions occur as the availability of information on the internet increases. Also remove small ongoing capital amounts.

Agency Request	0.00	0	(15,200)	0	(15,200)
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Governor's Recommendation	0.00	0	(15,200)	0	(15,200)
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FY 2009 Base					
Agency Request	413.50	26,381,600	6,397,000	0	32,778,600
Governor's Recommendation	413.50	26,356,400	6,394,200	0	32,750,600

Benefit Costs

Includes \$2,075 per position or a 29% increase in employer-paid health insurance premiums (from \$7,125 to \$9,200 per year). Also includes funding to increase the employer retirement contribution rate by .61% of salary (from 10.39% to 11% for regular employees).

Agency Request	0.00	793,100	169,700	0	962,800
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The Governor recommends funding the employer increase in health insurance, and does not remove the funding for their PERSI rate increase that was included in the request. Recently, the PERSI Board voted not to increase the contribution rate for the upcoming fiscal year. In addition, for this agency the Governor recommends that the Division of Human Resources (DHR) fee be reduced by 35% for classified positions, from 0.615% of gross salary to 0.4%, because it has been granted delegated authority by DHR.

Governor's Recommendation	0.00	766,500	163,900	0	930,400
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Inflationary Adjustments

This customized inflationary adjustment is a 1.85% increase over the base operating expenditures. It is calculated by removing rent and SWCAP from the base and applying inflationary rates ranging from 1% to 5 to each summary object based on historical spending patterns. The largest component is from increases in travel costs, including fuel, and computer service costs.

Agency Request	0.00	115,400	38,700	0	154,100
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Not recommended by the Governor.

Governor's Recommendation	0.00	0	0	0	0
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State Tax Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Replacement Items					
Replacement items include \$140,000 for seven vehicles, \$515,700 for computer equipment, \$50,000 to upgrade Navision Financial Software, and \$100,000 to upgrade e-filer software for a total of \$805,700. The agency request of \$25,000 for five ongoing vehicle leases has been moved and combined into line-item #5.					
Agency Request	0.00	645,200	160,500	0	805,700
<i>The Governor recommends an additional \$30,000 from the General Fund and \$12,000 from Administration Services for Transportation Fund for a statewide vehicle fleet management initiative to convert as many vehicles as possible to hybrid or other fuel efficient or low emission vehicles. These additional funds may only be used to implement the Governor's Fossil Fuel/Greenhouse Gases Initiative. Any unspent funds appropriated for this purpose will be reverted at year end, regardless of funding source.</i>					
Governor's Recommendation	0.00	675,200	172,500	0	847,700
Statewide Cost Allocation					
This decision unit includes adjustments for services provided by state agencies as follow: \$72,800 for State Controller fees, \$7,800 for property and casualty insurance premiums, a reduction of \$37,000 for Attorney General fees, and a reduction of \$4,500 for State Treasurer fees for a net of \$39,100.					
Agency Request	0.00	36,300	2,800	0	39,100
Governor's Recommendation	0.00	36,300	2,800	0	39,100
Change in Employee Compensation					
Reflects the calculated cost of a 1% salary increase of \$194,400 for permanent postions and \$15,500 for group positions.					
Agency Request	0.00	171,700	38,200	0	209,900
<i>The Governor recommends a compensation increase of 5% to be distributed based on merit.</i>					
Governor's Recommendation	0.00	858,500	191,000	0	1,049,500
FY 2009 Program Maintenance					
Agency Request	413.50	28,143,300	6,806,900	0	34,950,200
Governor's Recommendation	413.50	28,692,900	6,924,400	0	35,617,300
1. Auditor Salary Retention			Audit and Collections		
Funding is requested to allow the Tax Commission to enhance the salaries and benefits of the four auditor classifications within the agency. The goal is to reduce an annual turnover rate of over 20% and to retain experienced auditors. A fully trained auditor produces considerably more revenue for the state. The request is 64% from the General Fund, 20% from the Multi-state Tax Compact Fund, 12% from Administration to Transportation Services Fund, and 3% from the Abandoned Property Trust Fund.					
Agency Request	0.00	202,000	113,000	0	315,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
2. Software Maintenance Costs			General Services		
This request is for funding maintain computer software in five parts: 1) \$33,800 for tape library maintenance, 2) \$31,100 for full page imaging, 3) \$63,600 for network security, 4) \$100,000 for GenTax maintenance, and 5) \$100,000 for other software maintenance increases. Funding is 88% General Fund, 3% Multistate Tax Commission Fund, 6% Administration Services for Transportation Fund, and 3% Abandoned Property Trust Fund. [Ongoing]					
Agency Request	0.00	288,500	40,000	0	328,500
<i>The Governor includes \$100,000 ongoing and \$128,500 one-time for software maintenance costs.</i>					
Governor's Recommendation	0.00	208,500	20,000	0	228,500

State Tax Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
3. Tax Drive Temporary Salaries					Revenue Operations
This is a request for funding to allow the Tax Commission to increase the rate of pay for temporary employees traditionally used extensively during the annual income tax filing season. Although the skill levels needed to accomplish the work are at the Office Specialist 1, Office Specialist 2, and Technical Records Specialist 1 categories, the Commission is currently paying significantly less. Recruiting and retaining workers has become a serious problem with high turnover and inability to attract workers. The split is 97% General Fund and 3% Administration and Accounting Fund. [Ongoing]					
Agency Request	0.00	160,000	4,500	0	164,500
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
4. Information Life Cycle Plan					General Services
Funding is requested to hire consultants to help the agency draft an information life-cycle management (ILM) plan. Proper management of data is a precursor for the upcoming TAP (taxpayer access point) project next fiscal year. The organization and retention of the right information will be critical to the success of TAP. The agency is adding more than a terabyte of data each year to its electronic databases. Managing this growth, insuring security and confidentiality, and insuring compliance with state and federal retention and destruction requirements is becoming increasingly difficult. Funding is 80% General Fund, 5% Multi-state Tax Compact, 10% Administration Services for Transportation Fund, and 5% Abandoned Property Trust Fund. [One-time]					
Agency Request	0.00	52,000	13,000	0	65,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
5. Ongoing Copier and Vehicle Leases					General Services
In FY 2007 the main copier in the copy center was replaced with a new six-year lease. However, only \$10,000 of ongoing dedicated funding was provided. The General Fund portion of the request was provided only as a one-time item and \$40,000 again one-time in FY2008. For continuity of operations, the Commission requests ongoing funding of \$60,000 for the next four years which is the remainder of the lease term. The Commission also requests \$25,000 for five ongoing vehicle leases of which \$5,000 is from the Administration Services to Transportation Fund. [Ongoing]					
Agency Request	0.00	80,000	5,000	0	85,000
<i>The Governor recommends absorbing the cost of the copy center lease into the existing budget. The Governor recommends \$5,000 ongoing and \$20,000 one-time lease costs for vehicles. [Ongoing]</i>					
Governor's Recommendation	0.00	20,000	5,000	0	25,000
6. Right Now Software					Audit and Collections
Funding is requested to allow the Tax Commission to more efficiently and more consistently answer taxpayer inquiries. This involves one-time money to develop the format and screens needed, and ongoing funding for the cost of the software subscription that provides the technology and logic to the system. This software will allow Taxpayer Services to handle additional workloads without needing to add staff. Funding is 80% General Fund, 5% Multistate Tax Compact, 10% Administration Services to Transportation, and 5% Abandoned Property Trust Fund. [\$50,000 one-time and \$50,000 ongoing]					
Agency Request	0.00	80,000	20,000	0	100,000
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
7. Forestland Valuation Study					County Support
The Committee on Forestland Taxation Methodologies unanimously requested the Tax Commission to support a study of alternate methods of forest productivity classification of forest lands. Idaho Code, §63-1705 requires that forest land value be determined by the timber productivity valuation process, as provided for in the committee on forest land taxation methodologies, User's Guide to the Timber Productivity Option's Valuation Method - 2005. This would be a science based, data driven forestland productivity classification study to be conducted by a successful bidder following the completion of all specifications outlined in a Request for Proposal (RFP) to be prepared by the State Tax Commission. [One-time]					
Agency Request	0.00	250,000	0	0	250,000
Governor's Recommendation	0.00	250,000	0	0	250,000

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2009 Total					
Agency Request	413.50	29,255,800	7,002,400	0	36,258,200
<i>Governor's Recommendation</i>	<i>413.50</i>	<i>29,171,400</i>	<i>6,949,400</i>	<i>0</i>	<i>36,120,800</i>
Agency Request					
Change from Original App	0.00	1,881,600	359,500	0	2,241,100
% Change from Original App	0.0%	6.9%	5.4%		6.6%
<i>Governor's Recommendation</i>					
<i>Change from Original App</i>	<i>0.00</i>	<i>1,797,200</i>	<i>306,500</i>	<i>0</i>	<i>2,103,700</i>
<i>% Change from Original App</i>	<i>0.0%</i>	<i>6.6%</i>	<i>4.6%</i>		<i>6.2%</i>